



ROLE AND CONTRIBUTION OF STATE BANK OF INDIA IN THE INDUSTRIAL DEVELOPMENT OF NAGPUR DISTRICT (With Special Reference to Small Scale Industries) (1996 - 2006)

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ABSTRACT

The current study is carried out to find out Role and Contribution of SBI in Industrial Development of Nagpur District. Much effort is taken in the research to summaries the outputs by primary as well as secondary study. The research can be very useful to industry people, Banks and financial institutes, industrial borrowers and researchers in the concerned areas. The current research is carried out with reference to SBI only, though there is a lot of scope to deal the research topic including the industrial finance by all financial institutes. The current research has dealt with the formal sector industries and

finance to them, though there industries with informal structure and alternative finance model, which can be clubbed and researched further.

KEYWORDS: Contribution of SBI , financial institutes , informal structure.

INTRODUCTION:

The current chapter titled Introduction starts with basic information about Small Scale Industries in India. The chapter also includes the explanation about snapshot of Maharashtra State, its historical background, industrial profile, MSME developments in the state and other relevant

information of the State of Maharashtra. As Current study concentrate on the Small Scale Industry's finance by State Bank of India; light is put on the banking sector in India with special reference to State Bank of India. Finally, the chapter deals with the overview of Nagpur District as current research directly focus on it. As in the current research there is special reference of Nagpur District; this chapter also presents the Industrial Development of Nagpur District. The current research specifically intends to study development and working of State Bank of India, industrial background of Nagpur District, to evaluate financial assistance extended by State Bank of India and by other financial agencies. Industrialization is an effective instrument of economic growth and welfare.

Manufacturing activity has a high potential for contributing to the process of rapid economic development and economic growth. In fact, the development of a country is taken to be synonymous with industrial development. It is believed that the dynamic progress of an

economy ultimately depends on modern industrialization. In a developing country like India, growth in the industrial sector is one of the vital figures that affect the Gross Domestic Product (GDP). But most of the people living in rural areas draw their livelihood from agriculture and allied sectors. The Government of India is striving to improve the economic and social conditions of rural population and non-farm sector.

RAISING PEOPLE'S INCOME

Industrializations generally provide a firm basis for a rapid and continuous increase in the income of the people. This is because unlike agriculture, industries mainly depended upon human effort rather than on the vagaries of nature. It has been empirically observed that there is a close correspondence between high level of per capita income and industrial development; industrially developed economies have much high per capita income than the industrially less developed economies.

According to the world development report the average per capita income is less developed economies like India is just \$ 1180 while that of developed economies like USA it is \$ 46360.

SMALL SCALE INDUSTRIES

In ancient India there used to be several people who were producing varieties of goods and selling them. That profession was providing them the means of livelihood. Traditional small scale industries include Pot weaving, carpentry, knitting etc. Their lives were spent in a happy and smooth way. But with the onset of machines, all those professions have lost their value. Unemployment has grown in villages and towns.

Industries and factories are highly necessary in any country for producing goods on a large scale and make it economically prosperous. The surplus of goods can be exported to other countries and foreign exchange can be earned. The developed countries of foreign nations are enjoying foreign currency by making use of these industries. As majority of population in India are middle class and lower middle class people, these industries should be economically prosperous to increase in their standard of living. Industries are of two types: Large scale industries are the key industries of any country and they require large scale investment to the tune of crores of rupees, huge number of workers and higher facilities. Iron and steel, manufacturing of tools, medicines and chemicals, transport facilities like cars, trains, airplanes, and ships comes under large scale industries.

Table No. 1 Contribution of State Bank of India in the development of Small Scale Industries in Nagpur District

The data is presented in such a way that, it can bring out some significant result out of the contribution of State Bank in Development of SSI in Nagpur District. As mentioned earlier even, the secondary data collected for the current study is presented in four parts, this part deals mostly with the financial and presents Contribution of State Bank of India in the Development of Small Scale Industries in Nagpur district. As discussed earlier, Hingna and Butibori are two major Industrial areas in Nagpur District among few smaller industrial areas at taluka level of the district. It is also a point to be taken into consideration that these two Industrial Areas are having dedicated industrial finance branches of State Bank. As objectives of the current study requires the data to be compiled with reference to Industrial Finance in Nagpur District that too financed by SBI, the current chapter is focused on the financials of the two branches of the SBI. The increasing trends in the financial parameters, speaks about the ever increasing contribution of State Bank of India in Development of SSI in Nagpur District.

Secondary data is collected from the year 2001- 2014, which shows the Efficiency Parameter for every year, presenting the comparison with other years first for the Hingna and Butibori Branch of State Bank as follows:

Efficiency Parameter (Branch – Hingna and Butibori)

Sr. No.	Description	For The Current Month (in Thousands)														
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Avg. Monthly deposit	83134	466982	334665	316051	35722	429119	473437	567331	710905	862737	907636	1020421	1090678	1261117	1393413
2	Avg. Monthly advances	155768	172928	407171	403629	439146	1694174	2846119	4029438	5738655	3007208	2332707	3453128	4222116	4386307	4932837
2	Avg. Monthly advances	155768	172928	407171	403629	439146	1694174	2846119	4029438	5738655	3007208	2332707	3453128	4222116	4386307	4932837
3	Interest & discount on advances	169428	297324	111339	118356	146521	218790	342890	515447	739915	417899	297343	490111	562781	577869	593233
4	Interest paid on deposit	13256	17396	19103	13785	14981	17064	22278	29295	37954	41795	43776	58898	63083	76388	88985
5	Net result	47487	60373	42066	50138	75671	86093	111119	232210	314954	253865	192995	228868	222590	237898	202663
6	Total employees	66	57	57	55	60	54	54	44	50	44	36	37	38	37	32
7	Avg cost of deposit (annualised)	15.95%	5.85%	5.71%	4.36%	4.19%	3.98%	4.71%	5.16%	5.34%	4.84%	4.77%	5.77%	5.78%	6.06%	6.39%
8	Avg yield on advances (annualised)	108.77%	37.03%	27.34%	29.32%	33.36%	12.91%	12.05%	12.79%	12.89%	13.90%	12.75%	14.19%	13.33%	13.17%	12.03%
9	Avg Business per employee	3619.73	13408.88	13014.67	13085.09	13272.82	39320.24	61473.26	104472.02	128991.20	87953.30	90287.31	120906.73	139810.37	152633.08	197695.31
10	Net profit per employee (annualised)	71950.00	105917.54	73800.00	91160.00	126118.33	159431.48	205775.93	527750.00	629908.00	576965.91	536097.22	618562.16	585763.16	642967.57	633321.88
11	Avg gross rate of return	19.88%	7.90%	5.67%	6.97%	9.50%	4.05%	3.35%	5.05%	4.88%	6.56%	5.94%	5.12%	4.19%	4.21%	3.20%

For understanding the finance structure and financial performance of Hingna and Butibori branch the yearly data of the branch with reference to industrial finance is presented in the tables above for the period 2000-2015. Those tables presents various parameters like average monthly deposits, average monthly advances, interest paid, net profit per employee, net results etc. are presented for each year. To make the comparison easy, comprehensive charts displaying each parameter for all years in consideration are presented as follows:

It is observed from the above data that Average Monthly deposit is showing increasing trend reflecting the gradual growth story.

CONCLUSION

Respondents responded that SBI officials were not very efficient in helping borrowers in accessing their current financial needs. They also responded about the lack of efforts from bank officials in projection of future finance requirements of the borrowers. It is also analyzed from the data that the sanction of loan

proposal is not completed in the committed time, but still the respondents have shown overall good level of satisfaction and trust in services by SBI.

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